Disinvestment Commission has not made any recommendation on banks.

(b) Does not arise.

(c) A number of reforms in the financial sector have been made. These include, in so far as banking sector is concerned, liberalisation of controls on interest rates, reduction of reserve requirements, fostering of competition, meausres for strengthening capital adequacy norms, provisioning norms, disclosure requirements etc. and guidelines on asset liability management, risk management system etc. The recent monetary and credit policy for the year 1999-2000 by the Reserve Bank of India (RBI) provides for adequate liquidity, stable interest rates, active debt management, orderly development of financial markets and furthering the financial sector reform process.

Recovery of Advances Made by Banks

146. SHRI E. BALANANDAN: Will the Minister of FINANCE be pleased to state:

(a) Wheter the VRS policy is the only remedy for banks to cut cost of operations;

(b) whether non-recovery of huge advances made to big business houses is the main cause for high operating cost of nationalised banks; and

(c) if so, whether Government are considering to waive single line directive and publish the names of those business houses and take meausres to recover the advanced money soon?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) Since the number of employees in a bank directly affects operating costs, a voluntary retirement scheme in one option for reducing operating costs but it is not the only option.

(b) Non performing assets (NPAs) pertaining to the non-priority sector is only one of the factors affecting profitability of nationalised banks.

(c) There is no proposal under the consideration of the Government to publish the names of the defaulters. RBI/ Government have been advising banks to take steps to recover the money. For this purpose the banks have laid down their loan policy, loan recovery policy, investment policy duly vetted by the Board of Directors. In order to improve recoveries in high value NPAs, settlement Advisory Committees headed by a Retd. Judge have also been formed by eight Nationalised banks to scrutinise, evaluate and recommend compromise proposals to the appropriate authority for their consideration.

Protection of Interests of Working Class in Second Generation Reform

147. SHRI E. BALANANDAN: Will the Minister of FINANCE be pleased to state:

(a) whether the Minister of Finance in a recent seminar organised by FICCI pledged that the interests of the working class would be protected in the Second Generation Reforms; and

(b) if so, what are plans of Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) In a seminar organised by FICCI on Second Generation Reforms at Calcutta on 5th November, 1999, the Finance Minister had observed that in the first nine years of reforms, employment generation (in organised sector) had not grown and this problem could be tackled only by creating alternative employment opportunities. The Finance Minister further emphasised the need for promoting self-employment and for exploiting the vast employment generation potential in the services sector, knowledge based industries, housing and construction on roads etc.